

Long Range Financial Projection
Town Meeting

	FY 2021	FY 2022	Dollar Change	Percent Change	FY 2023	Dollar Change	Percent Change	FY 2024	Dollar Change	Percent Change	FY 2025	Dollar Change	Percent Change	FY 2026	Dollar Change	Percent Change
I REVENUE																
A. State Aid	23,136,038	23,532,421	396,383	1.71%	23,763,212	230,791	0.98%	23,996,311	233,099	0.98%	24,231,741	235,430	0.98%	24,469,526	237,785	0.98%
School Construction Aid	476,523	0	(476,523)	-100.00%	0	0		0	0		0	0		0	0	
B. Local Receipts	7,906,301	8,873,350	967,049	12.23%	9,225,900	352,550	3.97%	9,578,450	352,550	3.82%	9,703,450	125,000	1.31%	9,803,450	100,000	1.03%
C. Free Cash	5,901,388	5,659,184	(242,204)	-4.10%	4,366,659	(1,292,525)	-22.84%	4,366,660	1	0.00%	4,366,660	0	0.00%	4,366,660	0	0.00%
D. Overlay Reserve Surplus	400,000	400,000	0	0.00%	400,000	0	0.00%	400,000	0	0.00%	200,000	(200,000)	-50.00%	200,000	0	0.00%
E. Property Tax	138,199,500	142,742,625	4,543,125	3.29%	144,662,199	1,919,574	1.34%	148,472,153	3,809,954	2.63%	152,319,918	3,847,765	2.59%	156,237,824	3,917,906	2.57%
F. Override Stabilization Fund	2,024,197	6,248,581	4,224,384	208.69%	10,406,189	4,157,608	0.00%	7,614,082	(2,792,107)	-26.83%	(7,614,082)	(7,614,082)	-100.00%	0	0	-
TOTAL REVENUES	178,043,947	187,456,161	9,412,214	5.29%	192,824,159	5,367,998	2.86%	194,427,656	1,603,497	0.83%	190,821,769	(3,605,887)	-1.85%	195,077,460	4,255,691	2.23%
II APPROPRIATIONS																
A. School Additions	140,000	1,030,000	890,000	635.71%	1,030,000	0	0.00%									
General Education Costs	50,183,324	52,809,670	2,626,346	5.23%	55,724,058	2,914,388	5.52%	59,095,559	3,371,501	6.05%	61,942,120	2,846,561	4.82%	64,722,090	2,779,970	4.49%
Special Education Costs	24,546,695	26,264,964	1,718,269	7.00%	28,103,511	1,838,547	7.00%	30,070,757	1,967,246	7.00%	32,175,710	2,104,953	7.00%	34,428,010	2,252,300	7.00%
Growth Factor	700,512	0	(700,512)	-100.00%	343,100	343,100	-	751,900	408,800	119.15%	591,300	(160,600)	-21.36%	766,500	175,200	29.63%
Net School Budget	75,570,531	80,104,634	4,534,103	6.00%	85,200,669	5,096,035	6.36%	89,918,216	4,717,547	5.54%	94,709,130	4,790,914	5.33%	99,916,600	5,207,470	5.50%
Minuteman Operating & Capital	4,834,357	5,184,492	350,135	7.24%	5,365,949	181,457	3.50%	5,553,757	187,808	3.50%	5,748,138	194,381	3.50%	5,949,323	201,185	3.50%
Minuteman Exempt Capital	1,279,014	1,610,964	331,950	25.95%	1,610,964	0	0.00%	1,610,964	0	0.00%	1,610,964	0	0.00%	1,610,964	0	0.00%
Town Personnel Services	29,203,669	30,245,340	1,041,671	3.57%	31,228,314	982,974	3.25%	32,243,234	1,014,920	3.25%	33,291,139	1,047,905	3.25%	34,373,101	1,081,962	3.25%
Town Expenses	11,312,375	11,509,810	197,435	1.75%	11,883,879	374,069	3.25%	12,270,105	386,226	3.25%	12,668,883	398,778	3.25%	13,080,622	411,739	3.25%
Enterprise Fund/Other	2,642,197	2,916,046	273,849	10.36%	3,010,817	94,771	3.25%	3,108,669	97,852	3.25%	3,209,701	101,032	3.25%	3,314,016	104,315	3.25%
Net Town Budget	37,873,847	38,839,104	965,257	2.55%	40,101,376	1,262,272	3.25%	41,404,670	1,303,294	3.25%	42,750,321	1,345,651	3.25%	44,139,707	1,389,386	3.25%
MWRA Debt Shift	3,691,454	1,845,727	(1,845,727)	-50.00%	0	(1,845,727)	-100.00%	0	0		0	0		0	0	
B. Capital budget																
Exempt Debt Service	6,942,104	8,689,591	1,747,487	25.17%	8,589,983	(99,608)	-1.15%	8,488,406	(101,577)	-1.18%	8,376,851	(111,555)	-1.31%	8,286,454	(90,397)	-1.08%
Non-Exempt Service	6,573,279	7,117,439	544,160	8.28%	7,304,897	187,458	2.63%	7,158,508	(146,389)	-2.00%	6,824,795	(333,713)	-4.66%	7,269,379	444,584	6.51%
Cash	4,329,512	3,959,297	(370,215)	-8.55%	2,953,369	(1,005,928)	-25.41%	3,566,859	613,490	20.77%	4,439,241	872,382	24.46%	4,401,723	(37,518)	-0.85%
Offsets/Capital Carry Forwa	(1,591,567)	(1,692,329)	(100,762)	6.33%	(389,015)	1,303,314	-77.01%	(441,086)	(52,071)	13.39%	(499,637)	(58,551)	13.27%	(442,021)	57,616	-11.53%
Total Capital	16,253,328	18,073,998	1,820,670	11.20%	18,459,234	385,236	2.13%	18,772,687	313,453	1.70%	19,141,250	368,563	1.96%	19,515,535	374,285	1.96%
C. Pensions	11,921,239	12,635,573	714,334	5.99%	13,393,707	758,134	6.00%	14,197,329	803,622	6.00%	15,049,169	851,840	6.00%	15,952,119	902,950	6.00%
D. Insurance	18,858,788	20,212,725	1,353,937	7.18%	21,345,739	1,133,014	5.61%	22,628,857	1,283,118	6.01%	23,948,708	1,319,851	5.83%	25,169,067	1,220,359	5.10%
E. State Assessments	3,555,261	3,712,983	157,722	4.44%	3,803,930	90,947	2.45%	3,897,151	93,221	2.45%	3,992,702	95,551	2.45%	4,090,642	97,940	2.45%
F. Overlay Reserve	961,455	600,000	(361,455)	-37.59%	600,000	0	0.00%	600,000	0	0.00%	800,000	200,000	33.33%	600,000	(200,000)	-25.00%
G. Reserve Fund	1,556,724	2,814,200	1,257,476	80.78%	1,738,280	(1,075,920)	-38.23%	1,783,252	44,972	2.59%	1,824,449	41,197	2.31%	1,867,910	43,461	2.38%
H. Court Judgments/Symmes	671,950	767,450	95,500	14.21%	100,000	(667,450)	-86.97%	100,000	0	0.00%	100,000	0	0.00%	100,000	0	0.00%
I. Warrant Articles	1,015,999	1,054,311	38,312	3.77%	1,104,311	50,000	4.74%	1,054,311	(50,000)	-4.53%	1,004,311	(50,000)	-4.74%	954,311	(50,000)	-4.98%
J. Override Stabilization Fund	0	0														
K. TOTAL APPROPRIATIONS	178,043,947	187,456,161	9,412,214	5.29%	192,824,159	5,367,998	2.86%	201,521,194	8,697,035	4.51%	210,679,142	9,157,948	4.54%	219,866,178	9,187,036	4.36%
L. BALANCE	0	0			0			(7,093,538)			(19,857,373)			(24,788,718)		
Free Cash	11,318,368	8,733,319			8,733,319			8,733,319			8,733,319			8,733,319		
Stabilization Fund	3,683,965	3,857,644			4,034,797			4,215,493			4,399,803			4,587,799		
Override Stabilization Fund***	24,268,852	18,020,271			7,614,082			0			0		0	0		
Municipal Bldg. Ins. Trust Fund	751,724	774,276			797,504			821,429			846,072			871,454		
TOTAL:	40,022,909	31,385,510			21,179,702			13,770,241			13,979,194			14,192,572		
% of General Fund Revenue	22.5%	16.7%			11.0%			7.1%			7.3%			7.3%		

The plan does not include any projected revenues or expenditures from the Community Preservation Act

Projected School Enrollment Growth FY 2020 - FY 2026

	FY 2021**	FY 2022*	FY 2023*	FY 2024*	FY 2025*	FY 2026*
Actual/Proj. Annual Grov	96	0	47	103	81	105
** Actual Growth - FY17 50% PPC of \$1,433 = \$7,166 X E G						
* Projected Growth - FY2022 through FY2026 Based on 50% of FY19 DESE Per Pupil Cost of \$14,601 = \$7,300 X Enrollment Growth						

*** Override Stabilization Fund balance includes and addition of \$2.5 million from Overlay Surplus in FY2020

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I REVENUE

A.	State Aid	State Aid as reported on the Cherry Sheets, including CH. 70 School Aid, Unrestricted General Government Aid (UGGA), and others.
	School Construction Aid	Reimbursement for school construction costs from an old state program. These payments run out in FY2021.
B.	Local Receipts	Fees, Fines, Permits, Interest, Motor Vehicle Excise Taxes, etc. Assumption: increase by \$100,000 per year.
C.	Free Cash	Free Cash is equivalent to the prior year's operating surplus. Assumption: Half of the 10 year average Free Cash is allocated as a revenue source for the operating budget and the remainder is retained as a reserve.
D.	Overlay Reserve Surplus	The Assessors annually release some of the reserve set aside to pay tax abatements (the Overlay). Assumption: In most years, \$200,000 is released to be used in operating budget. Some years a larger amount is released for revaluation expenses.
E.	Property Tax	Real estate and personal property taxes, as determined by the State law, Proposition 2 1/2 (annual increase of 2.5%, plus additions of new growth), plus amounts added for debt excluded from Prop. 2 1/2 by the voters, plus MWRA Debt shift.
F.	Override Stabilization Fund	The Override Stabilization Fund is used as an income source. In years of revenue surpluses, money is added, in years of deficits, money is withdrawn (see comparable item in Expenses below). Fund balance is reported in reserves section at bottom the sheet.
	TOTAL REVENUES	Total General Fund Revenues.

II APPROPRIATIONS

A.	School Additions	Increases to School Department Budget as the result of the 2019 Override.
	General Education Costs	Most of the costs of running the School Department. Assumption: A 3.5% increase in the sum of the previous year's General Education Costs plus cost increase due to in enrollment growth (Growth Factor, below).
	Special Education Costs	Costs of providing Special Education services. Assumption: These costs are assumed to increase by 7% per year.
	Growth Factor	An estimate of the increased operating costs the School Department incurs because of enrollment growth. Enrollment assumptions are presented at the bottom of LRP. It is assumed that each new student will cost 50% of State's Per Pupil Cost figure.
	Net School Budget	The Total School Department Budget.
	Minuteman	Assessments from the Minuteman Regional Technical and Vocational High School. Assumption: Each year the actual assessment is updated and future years are assumed to grow by 3.5%.
	Town Personnel Services	Town employees salaries and wages. Assumption: Annual growth of 3.25%
	Town Expenses	Town expenses, e.g., utilities, supplies, services, repairs, etc. Assumption: Annual growth of 3.25%
	Enterprise Fund/Other	Offsets are amounts charged to the Water and Sewer Enterprise Fund for services provided to the Fund by Town employees. Assumption: Annual growth of 3.25%
	Net Town Budget	Personnel Services plus Expenses, minus Offsets.
	MWRA Debt Shift	State law allows the Town to decrease water and sewer rates and increase taxes by an amount representing all or part of the debt service assessed to the Town by the MWRA. Assumption: \$5,593,112 per year.
B.	Capital budget	
	Exempt Debt Service	Debt service that has been excluded from the Prop. 2 1/2 limit and therefore is in addition to that limit. The exempt debt amount is included in the Property Tax calculation above and so income and expense are exactly matched.
	Non-Exempt Service	Debt service (interest and principal) on items in the annual Capital Plan paid for with tax dollars.
	Cash	Items in the annual Capital Plan paid for with cash.
	Offsets/Capital Carry	Multiple sources, such as grants, other funds (e.g., rental income from cell phone towers on town property, the Ambulance Fund, etc.), and bond premiums used to purchase capital items.
	Total Capital	Assumption: The Total of Non-Exempt Debt Service and Cash will equal 5% of the Town's Annual revenue.
C.	Pensions	Annual assessment from the Arlington Retirement Board. Assumption: Annual increase of 5.5%.
D.	Insurance	Health, property, and liability insurance. Assumption: Updated annually with new enrollment figures and insurance rates. Future costs include teacher staffing increases to meet increased student populations, plus 5.25% inflation.
E.	State Assessments	Assessment from the State for various services, including MBTA, Charter School, and School Choice. Assumption: Annual increase of 2.5% (as mandated by Prop. 2 1/2). Some Cherry Sheet aid goes directly to departments and not to the General Fund. State Aid to libraries is one such example. Assumption: Current year assessment will continue unchanged.
F.	Overlay Reserve	Amount of tax revenue set aside by the Assessors to pay abatements and tax exemptions (for elderly, blind persons, etc.). Assumption: \$600,000 in non-revaluation years, and \$800,000 in revaluation years.
G.	Reserve Fund & Elections	Reserve fund equals 1% of revenues. It is available for the Finance Committee to pay unanticipated and extraordinary costs, such as snow removal. Election costs vary each year depending on the number of electric
H.	Court Judgments/Symmes	Each year \$100,000 is set aside to pay for lawsuit settlements. The rest of this item is to pay the debt on bonds the Town issued to acquire the Symmes property. Those bonds will be paid off in FY2022.
I.	Warrant Articles	Various warrant articles for boards, commission, town celebrations, and other items that are outside of the town, school, or capital budgets.
J.	Override Stabilization Fund	In years when the budget shows a revenue surplus, that surplus is appropriated to the Override Stabilization Fund.
K.	TOTAL APPROPRIATIONS	The total of all items under II Appropriations.
L.	BALANCE	The operating surplus or deficit for each year of the plan. For the current year, the number will always be zero, i.e., by law and Town policy, the final budget must be in balance.
	Reserve Balances	
	Free Cash	An amount roughly equivalent to the Town's operating surplus and fund balance that is certified annually by the State Department of Revenue.
	Stabilization Fund	A fund established by Town Meeting to provide a long-term reserve. Assumption: Annual 3% growth, plus \$100,000 appropriation from Town Meeting.
	Override Stabilization Fund	The Override Stabilization Fund was created as a result of the 2005 Prop. 2 1/2 override. The Town makes annual appropriations to the fund until the time in which it is necessary to make withdrawals for the purposes of balancing the general fund budget.
		A reserve fund established to cover extraordinary losses from damage to Town property. The existence of the fund reduces the Town's annual property insurance costs, because it allows the Town to buy insurance policies with high deductibles.
	Municipal Bldg. Ins. Trust Fund	Total reserves.
	TOTAL:	Total reserves as a percent of total revenue.
	% of General Fund Revenue	